

County and City Finances

Michael Groesch

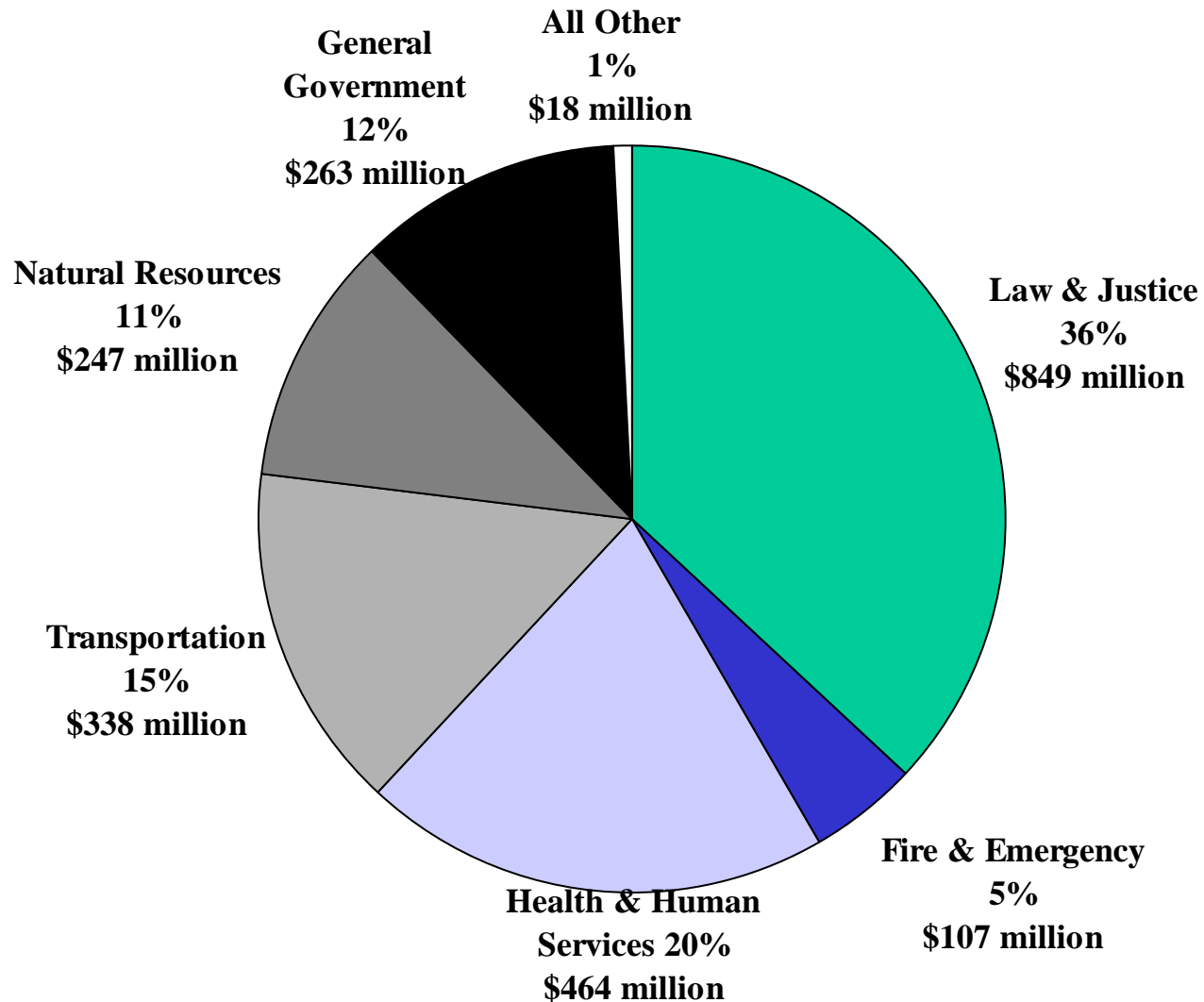
Fiscal Analyst

Senate Ways and Means Committee

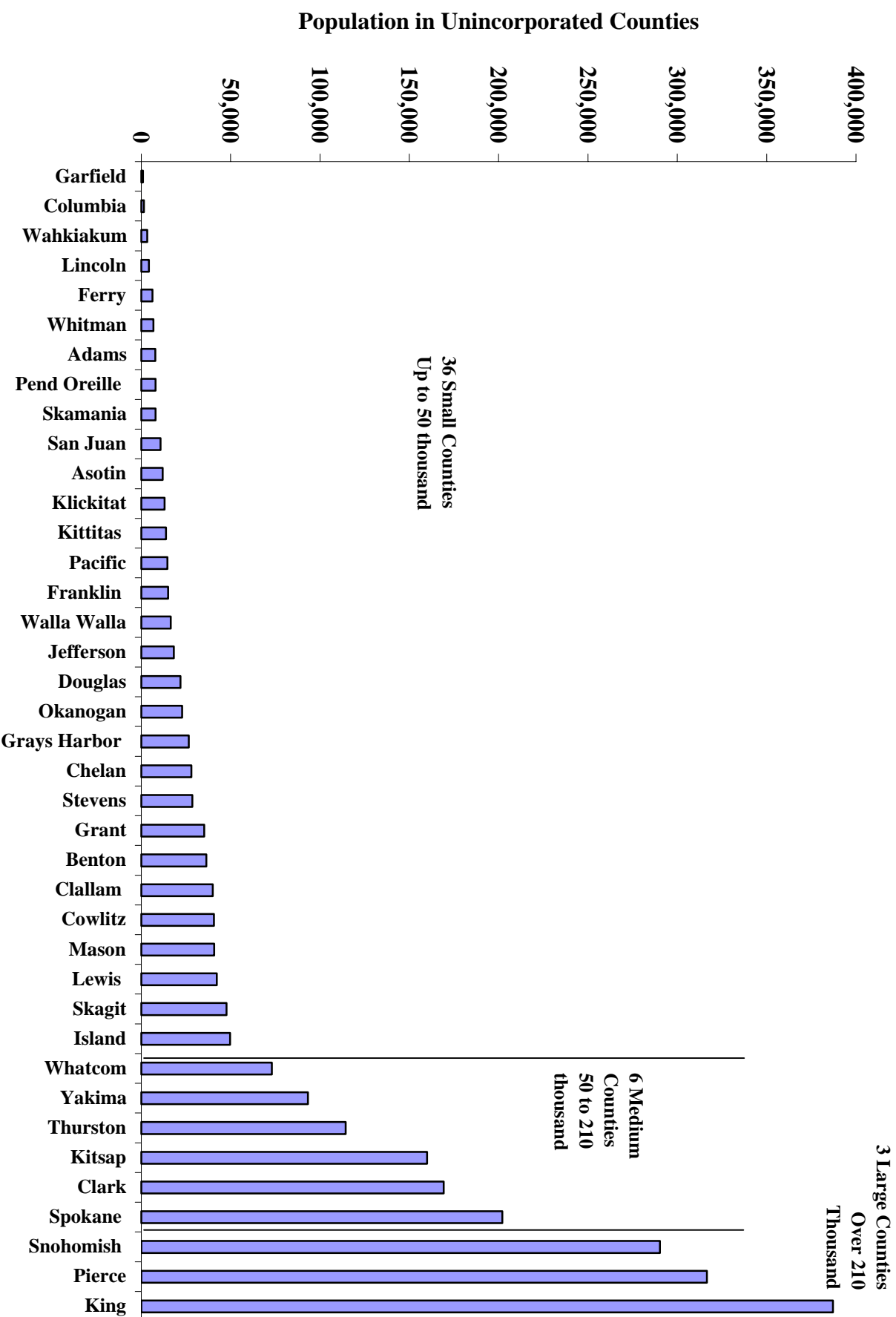
County Expenditures and Revenues

General and Special Funds
1999

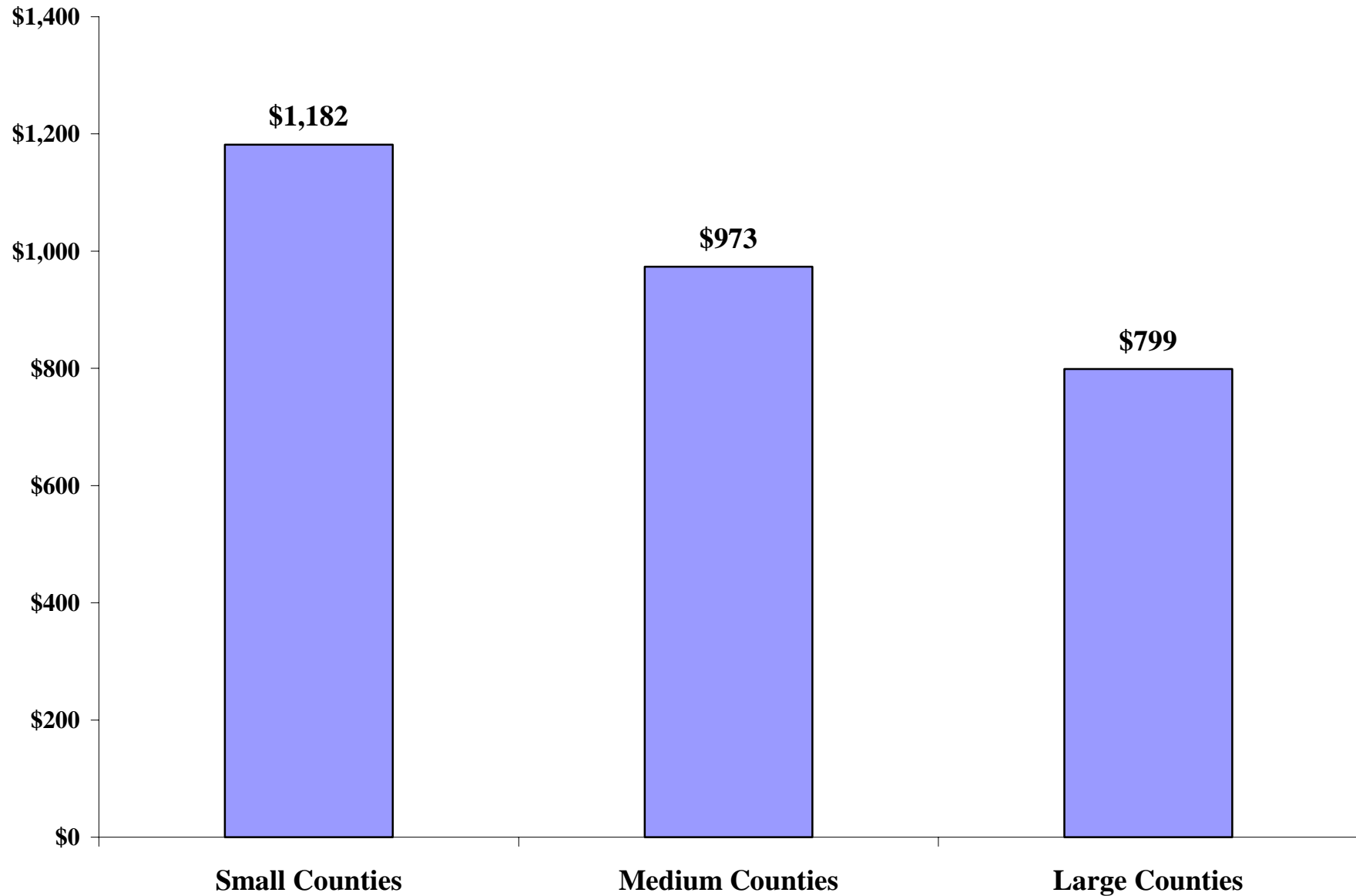
**Law and justice expenditures are the largest county expense.
Health and human services follow closely behind, with total
expenditures at \$2.3 billion.**



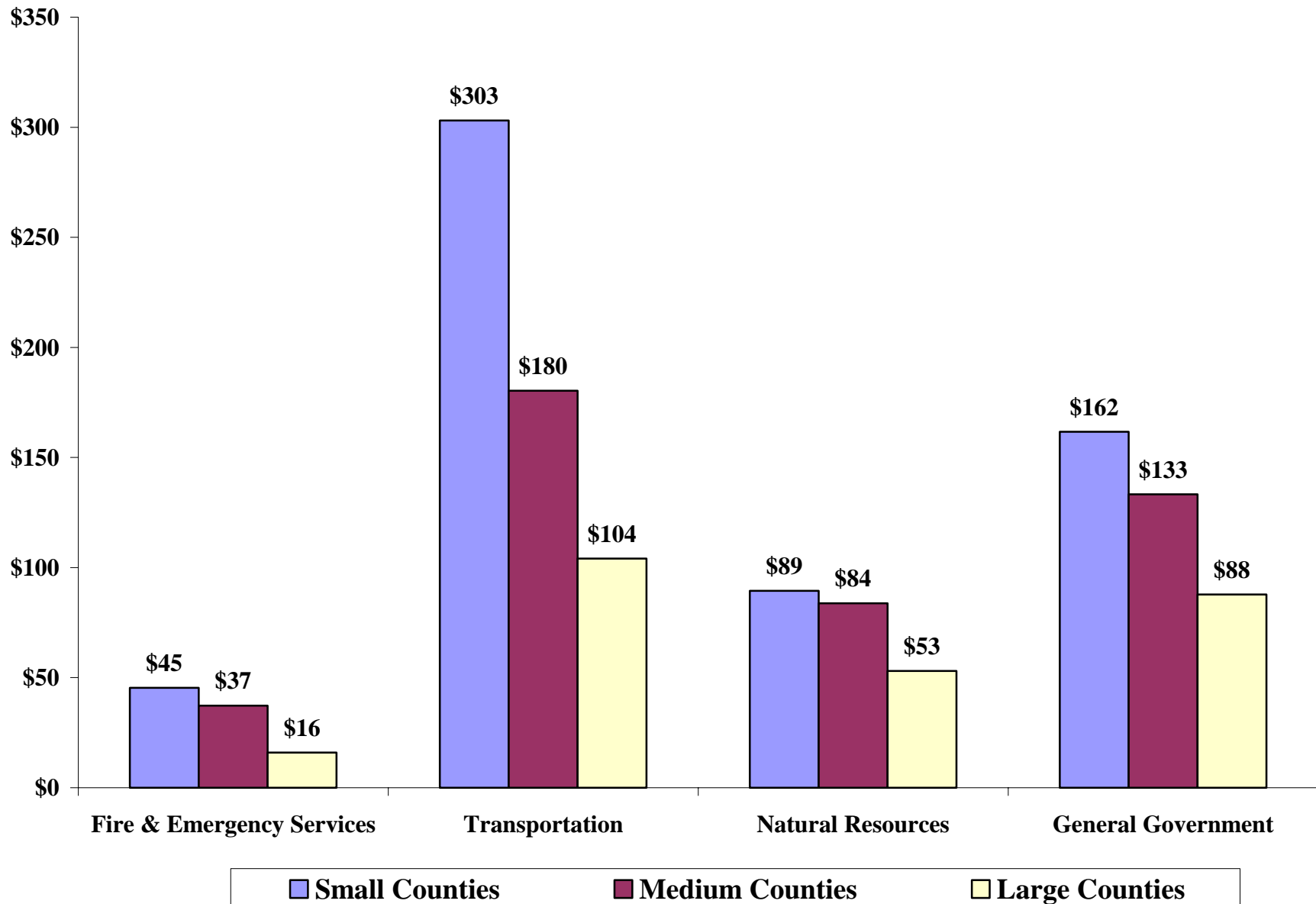
How do small, medium and large counties compare on a per capita basis in expenditure and revenue patterns?



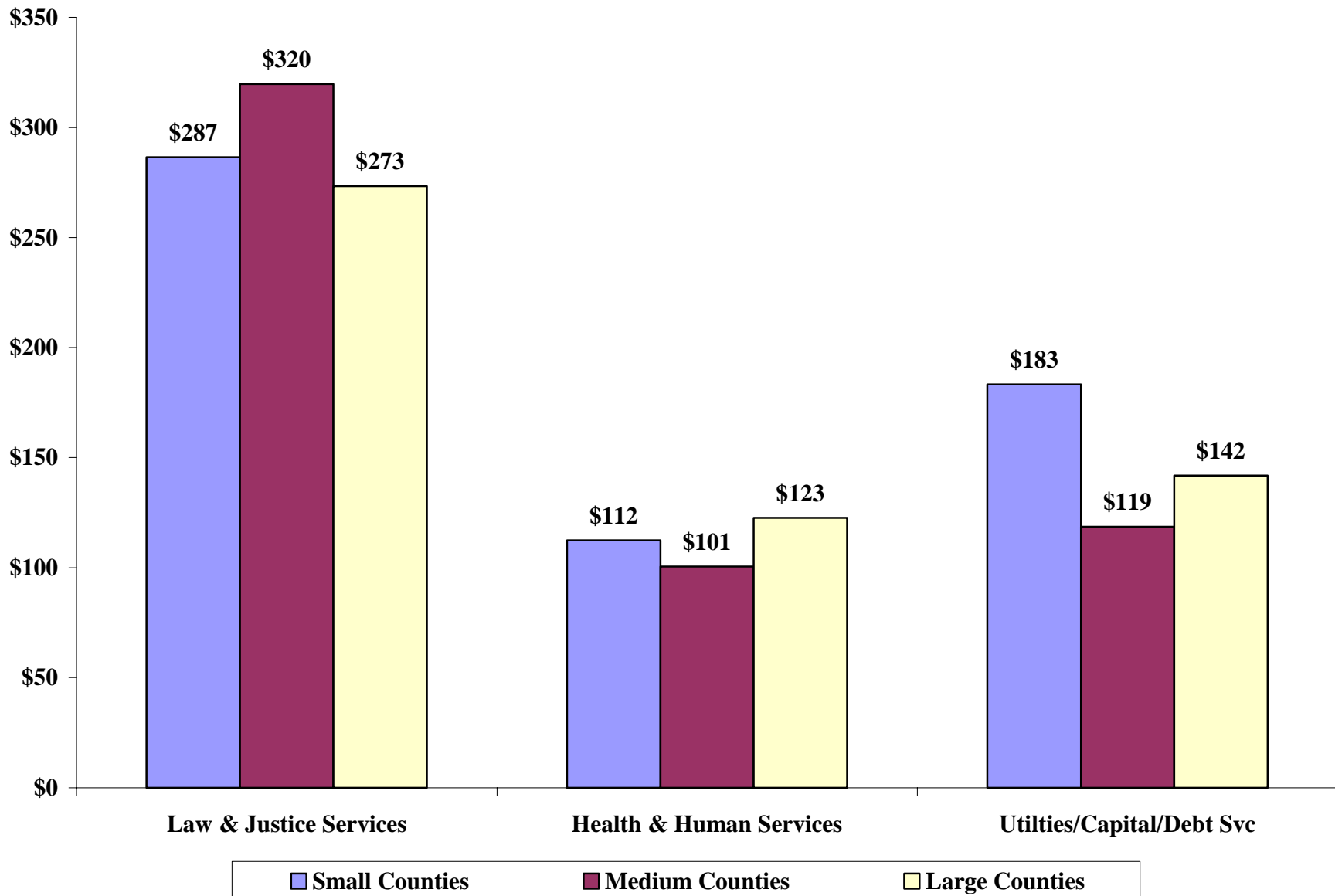
In 1999, small counties had higher total per capita expenditures.



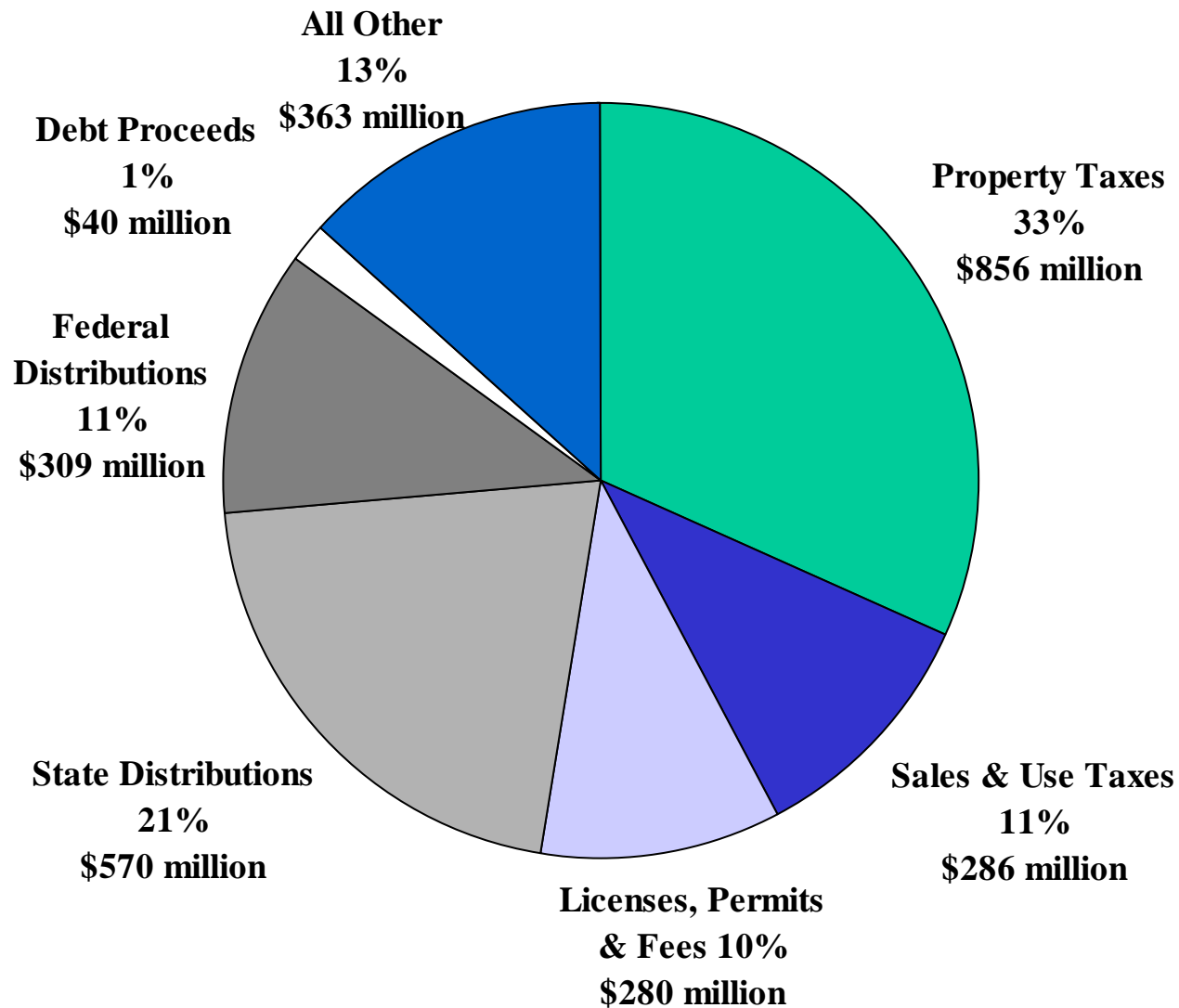
Per capita expenditures are dominated by transportation in small counties.



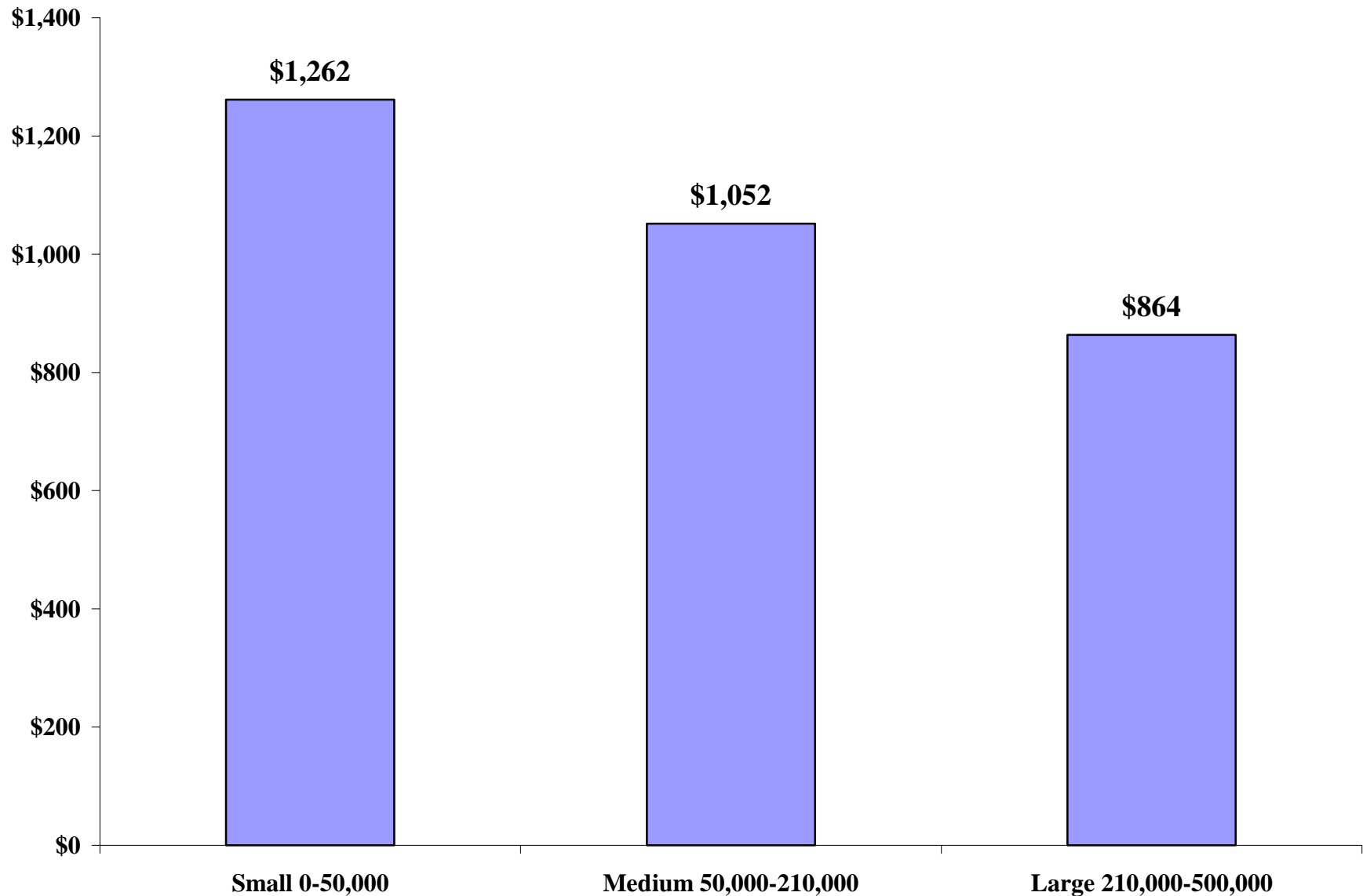
Other categories of county expenditures do not fit the overall pattern. Per capita law and justice expenditures are more balanced across the counties.



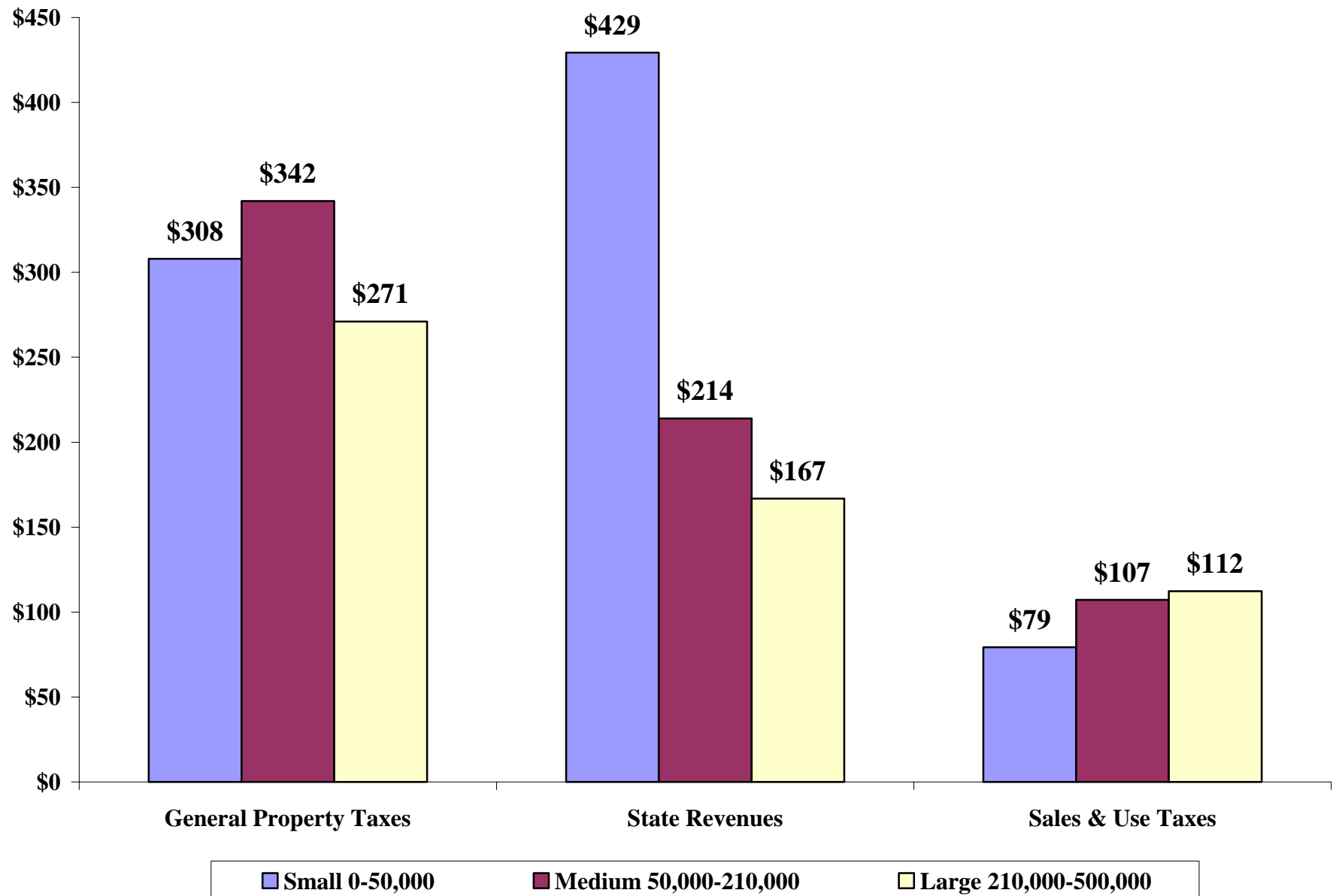
County revenues come primarily from property taxes and state distributions. Total county revenues equal \$2.7 billion.



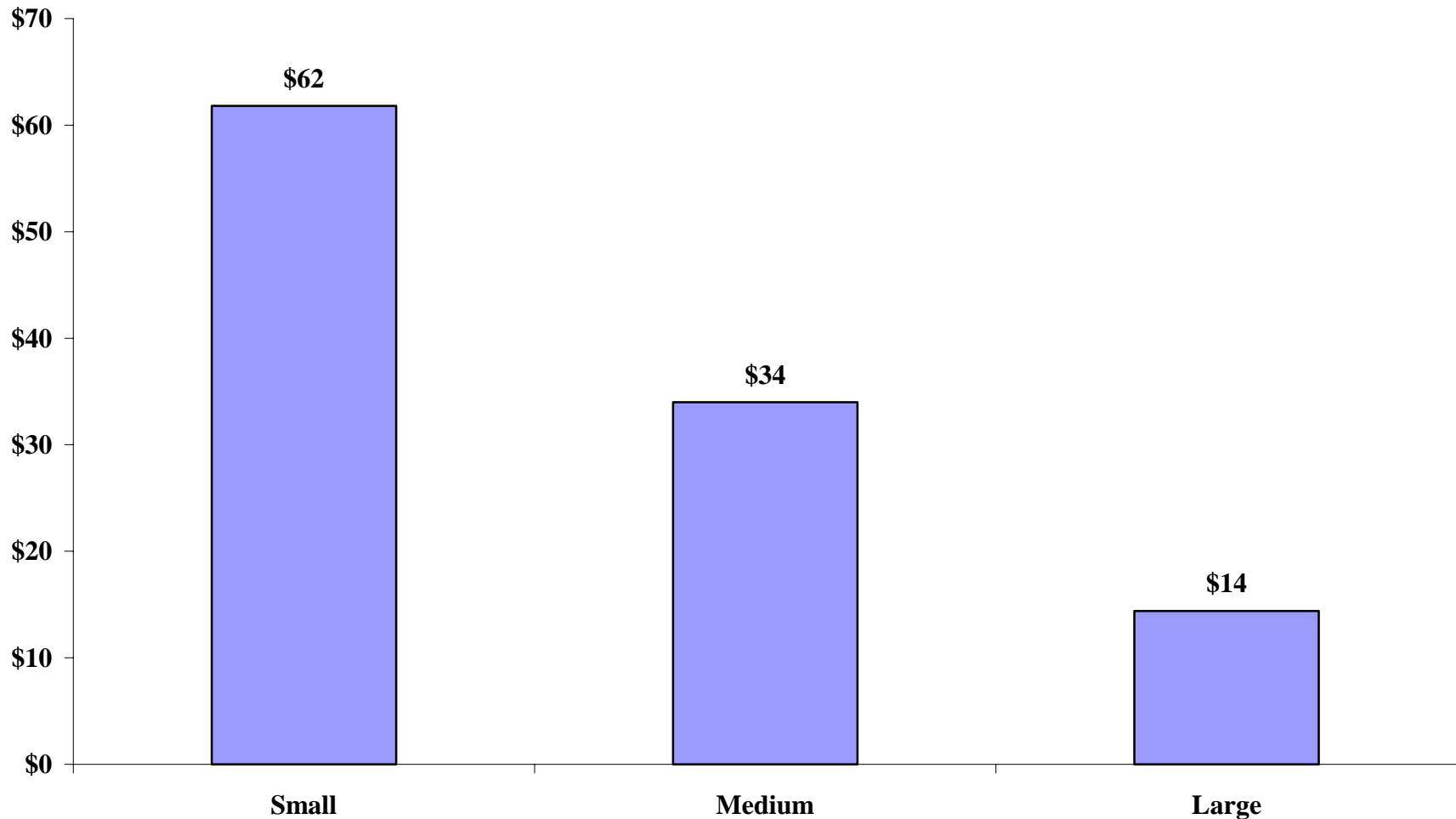
Small counties had higher per capita revenue than medium or large counties in 1999



Small counties are also much more dependent on state revenues.



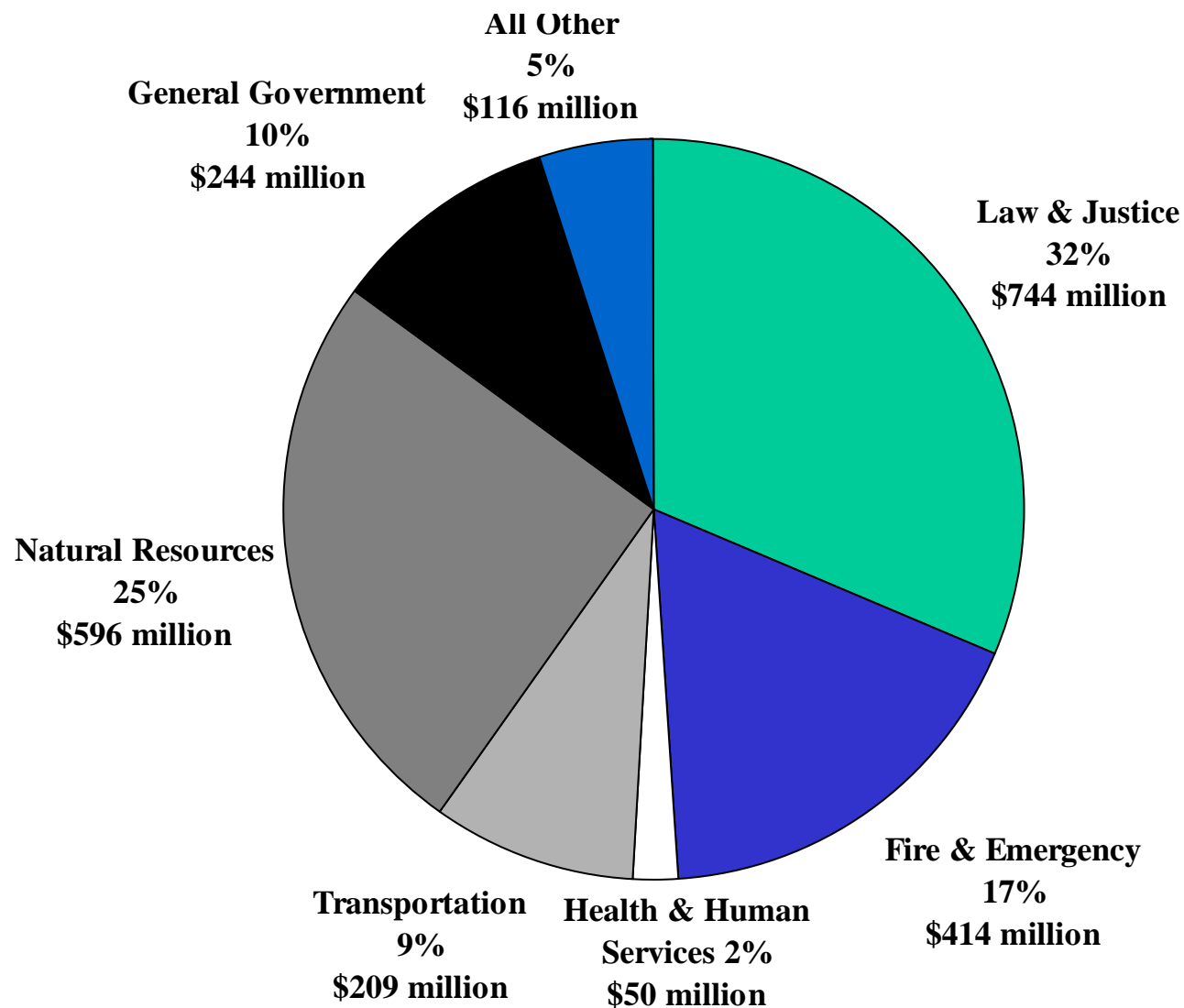
Before the passage of I-695, small counties received higher per capita motor vehicle excise tax distributions.



City Expenditures and Revenues

General and Special Funds
1999

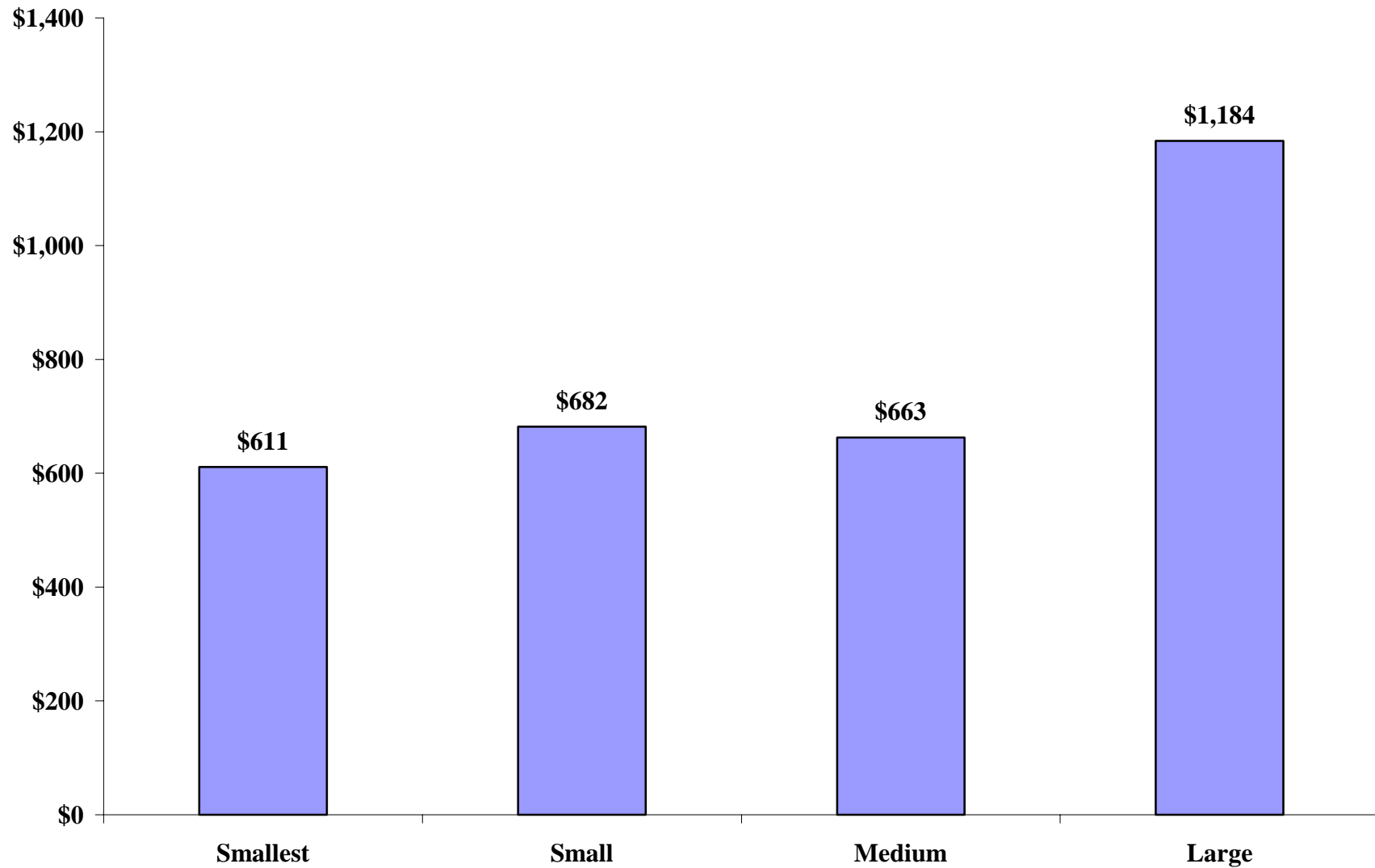
City expenditures are concentrated in law and justice, fire and emergency services, and natural resources. Total expenditures amount to \$2.4 billion.



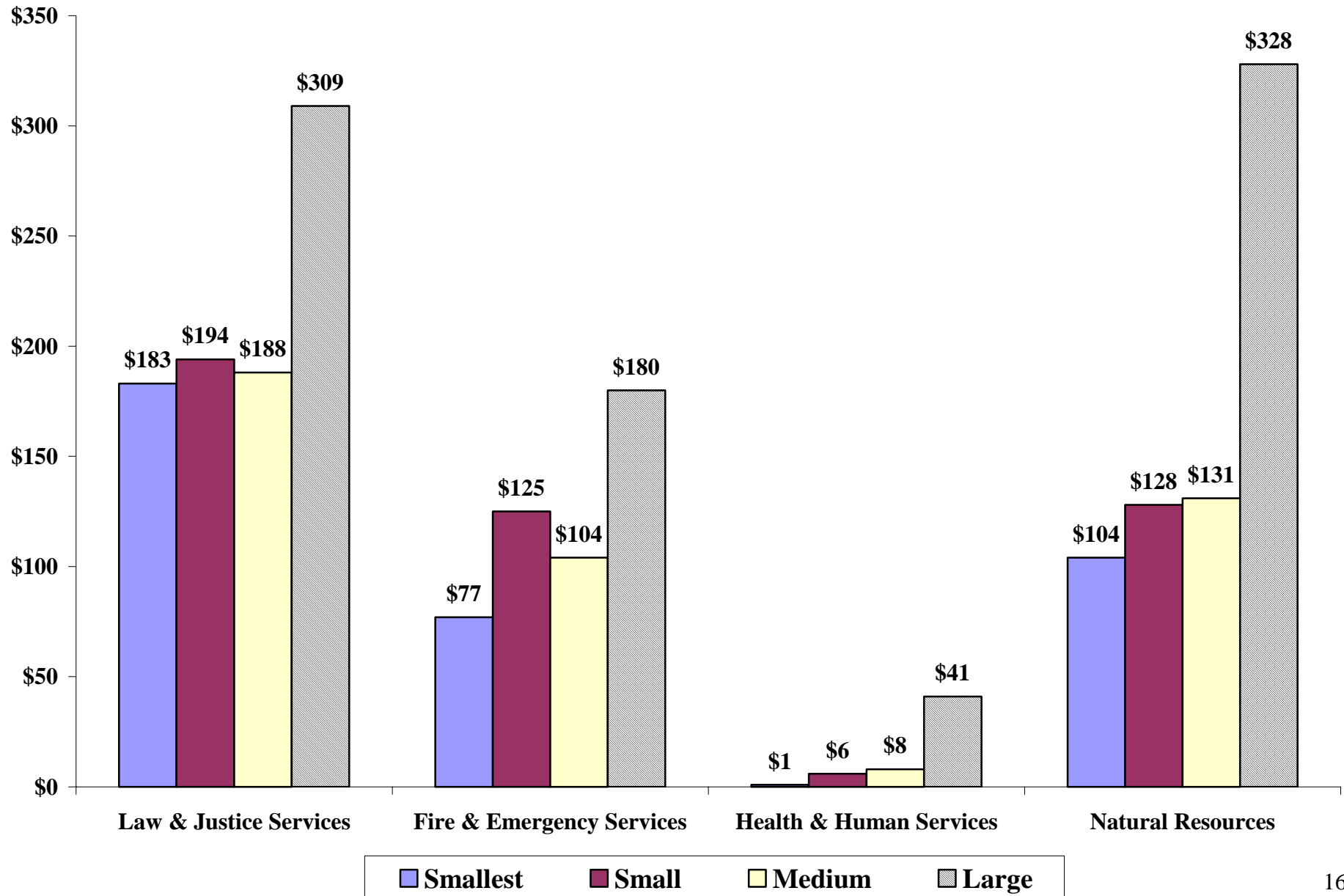
For a look at city expenditures by size, the cities are divided into four groups of about 840,000 people per group.



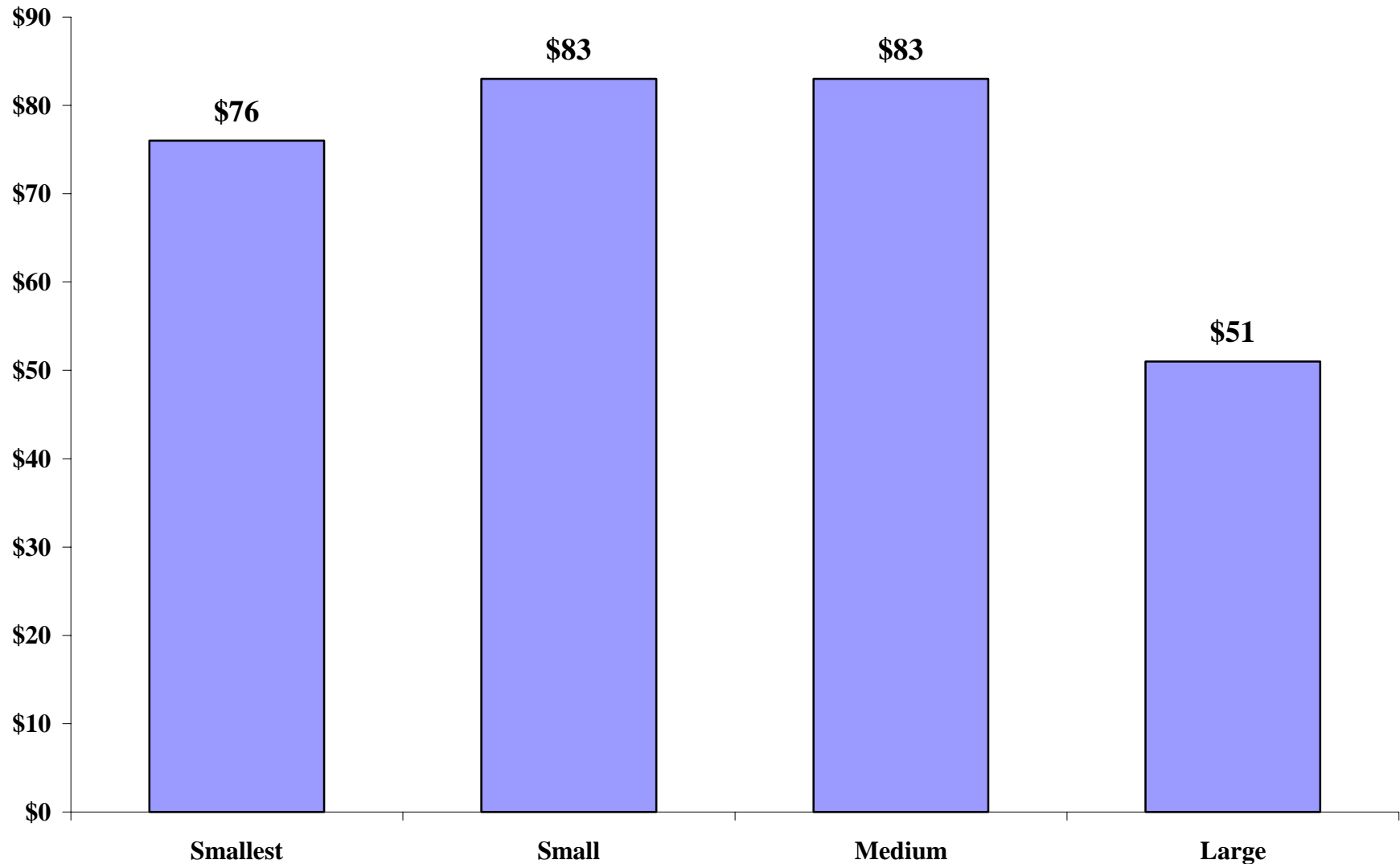
Per capita expenditures are greatest in the largest cities



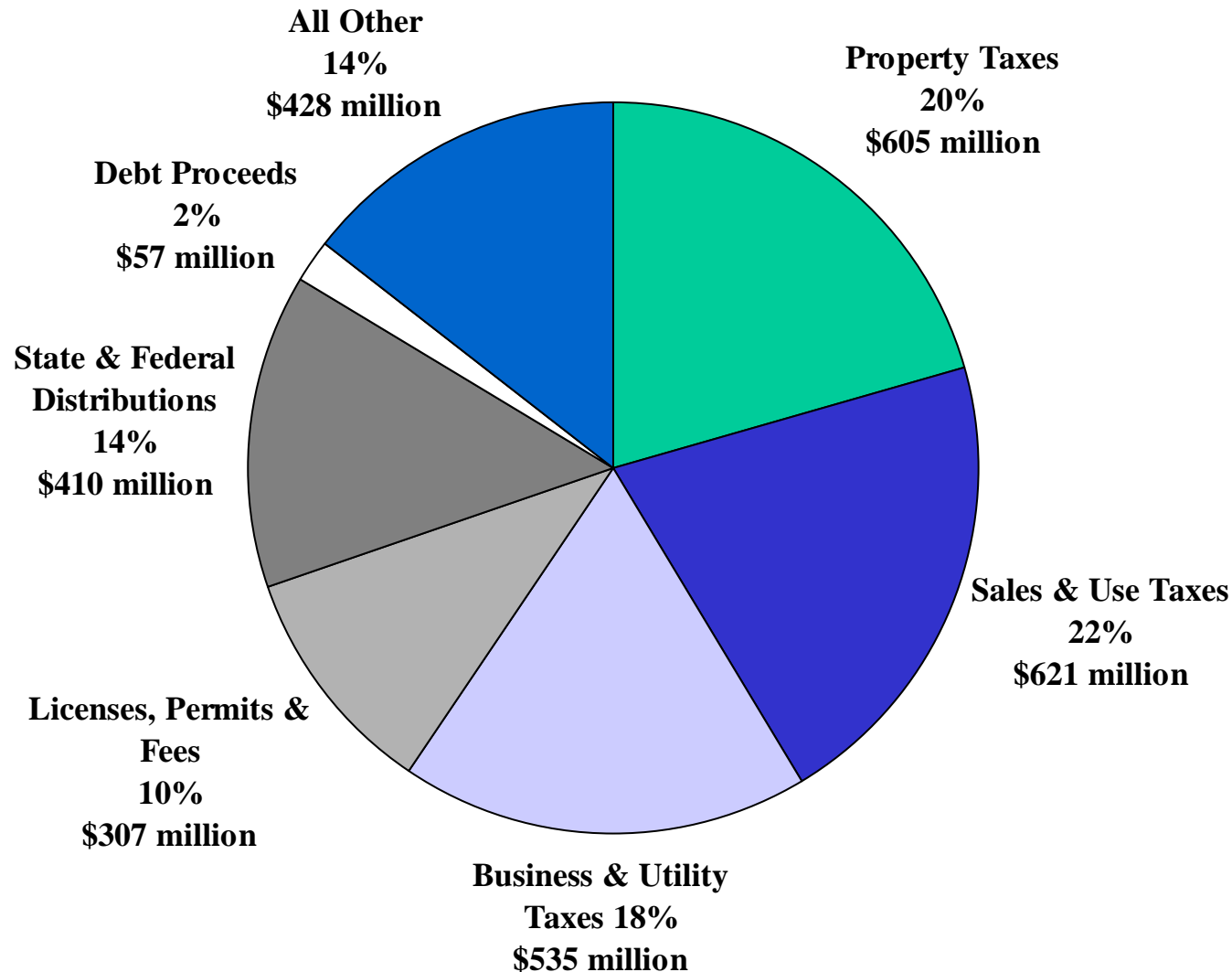
This overall pattern of per capita expenditures is similar across most categories of expenditures.



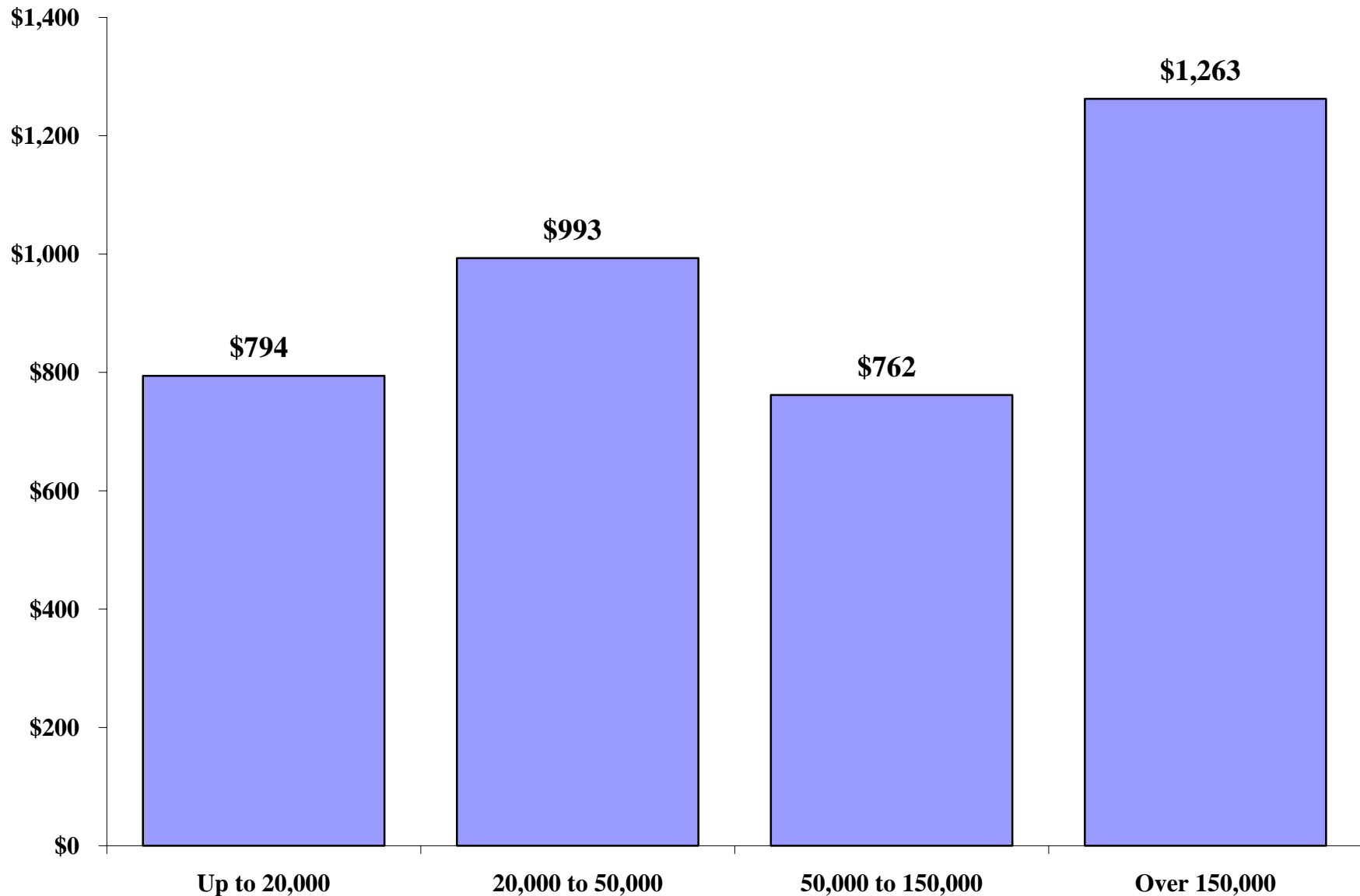
The exception is general government where economies of scale may favor the largest cities



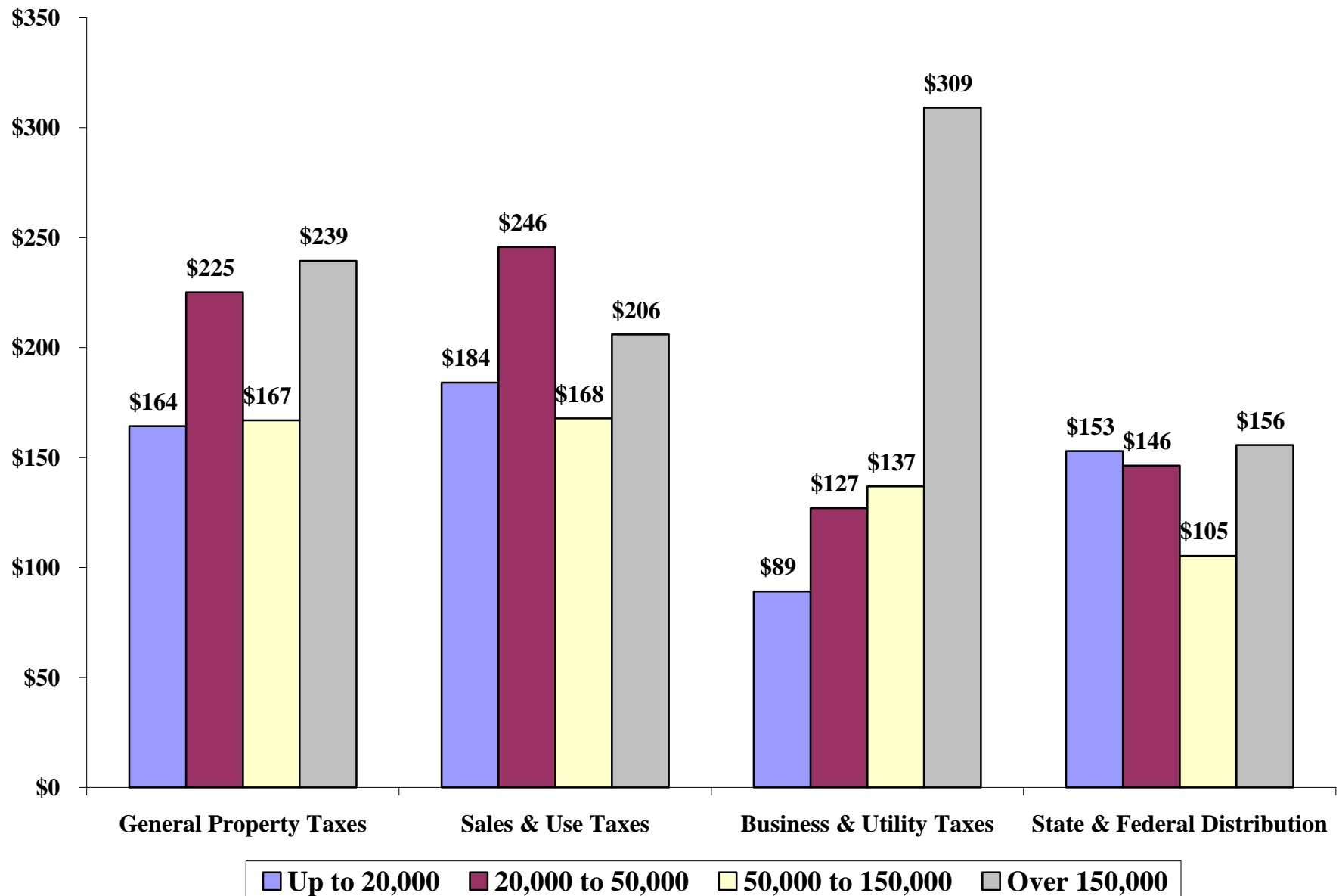
City Revenues come primarily from property taxes, sales taxes and business and utility taxes. Total revenue is approximately \$3 billion.



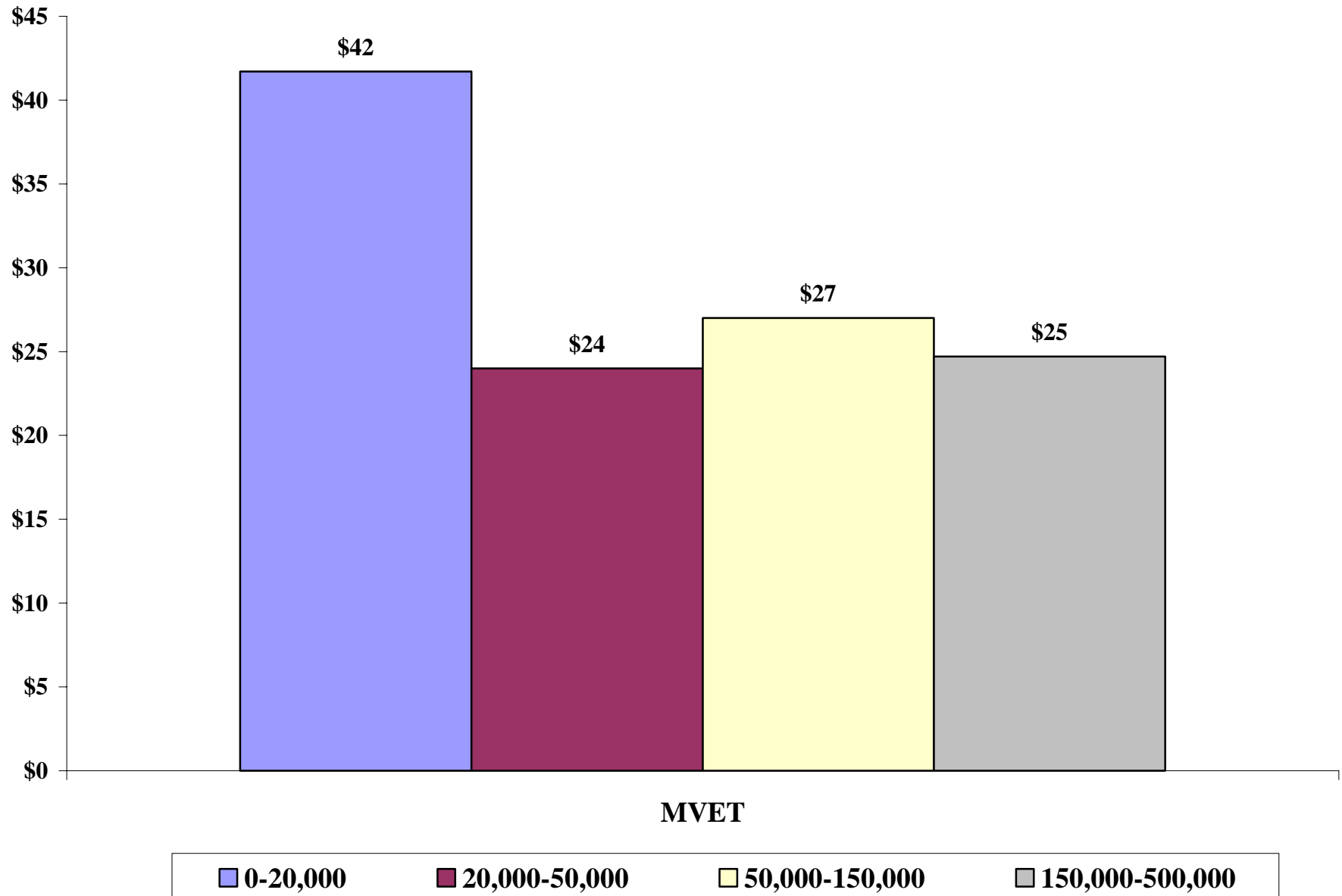
The pattern of city per capita revenue supports the pattern of expenditures.



Business & Utility taxes stand out as an important revenue source for large cities.



In 1999, state distributions were heavily influenced by the MVET to the smallest cities.



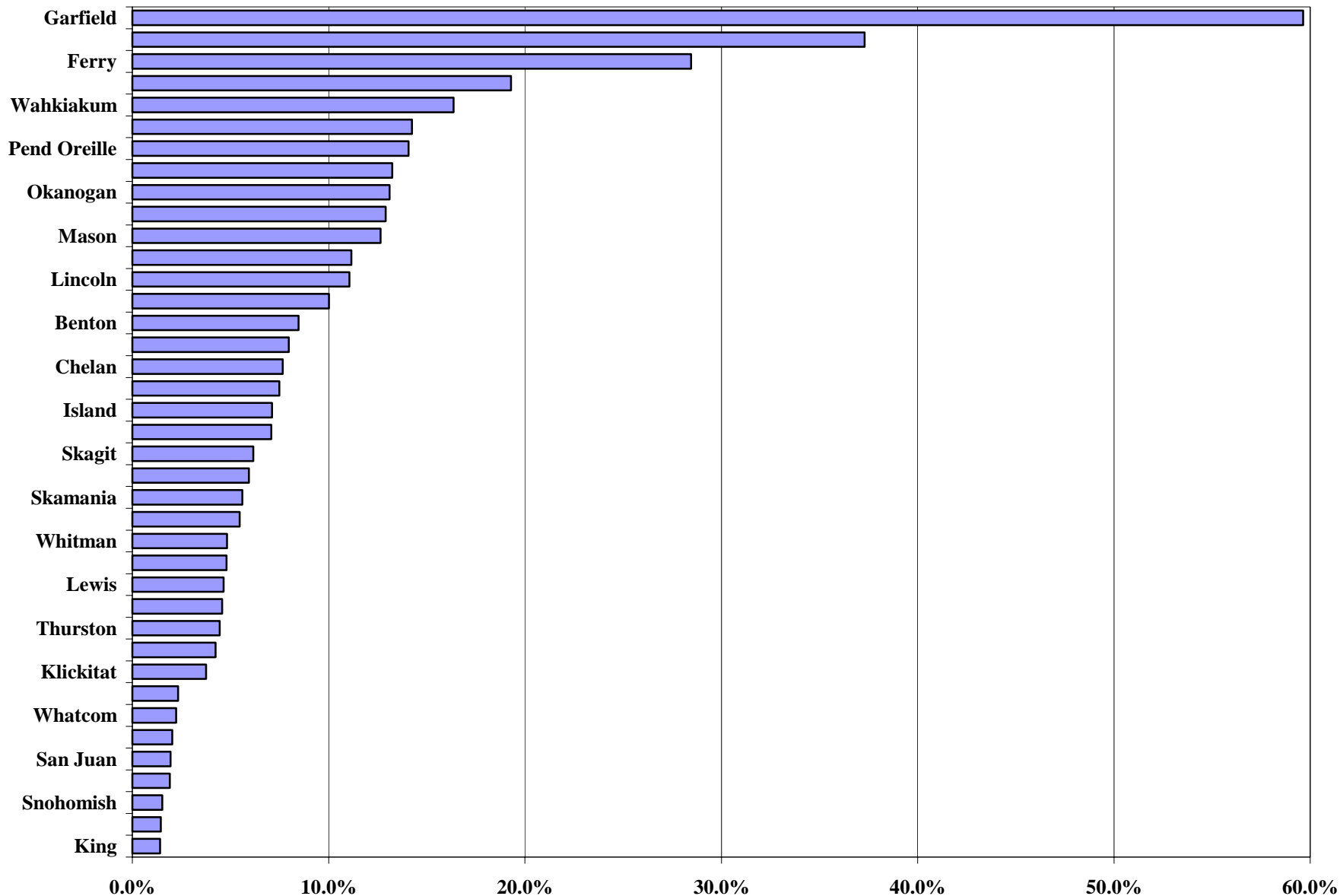
Initiative 695

Effects on counties and cities

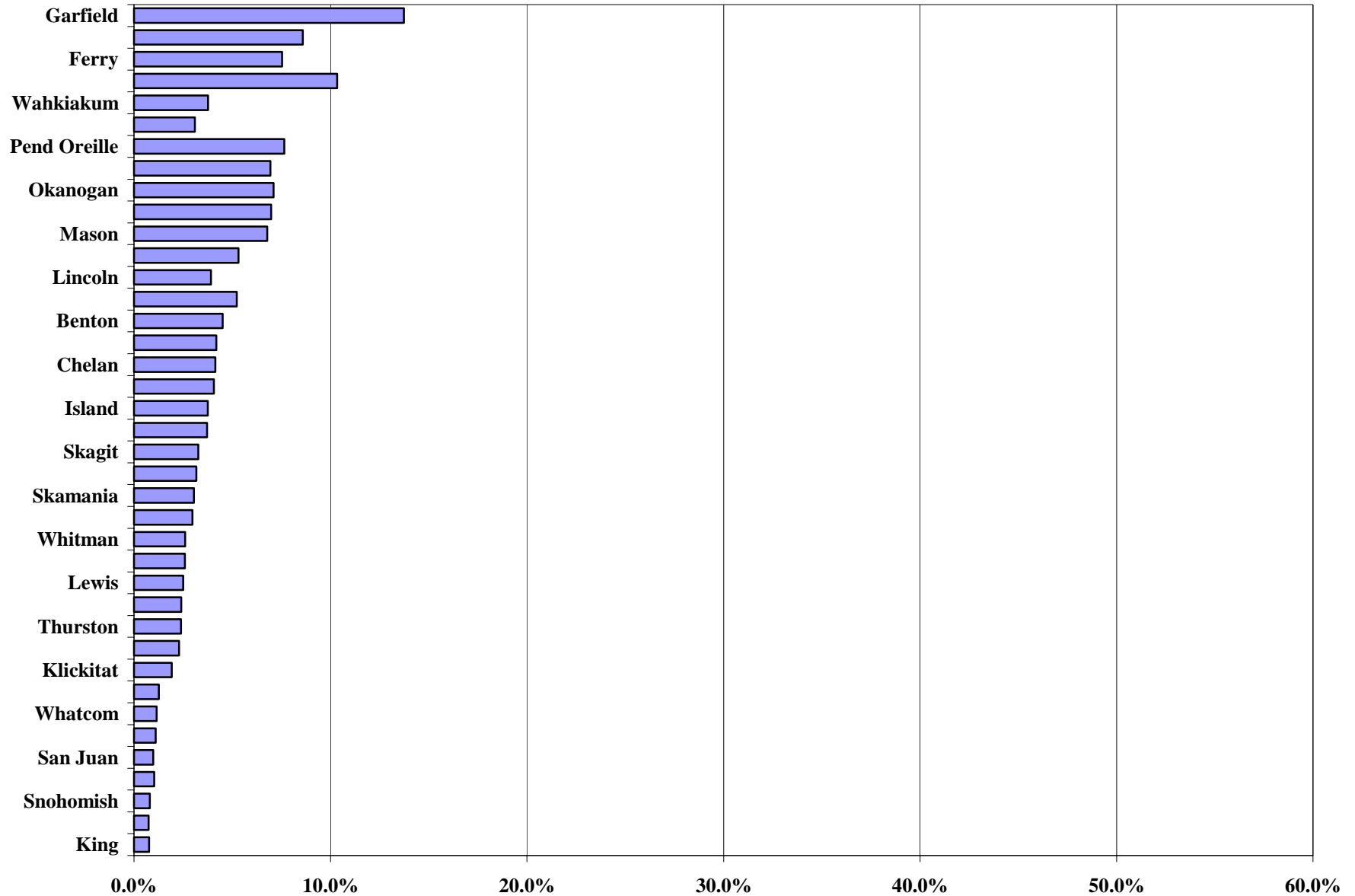
State response

The potential impact of I-695 was spread unevenly across the counties

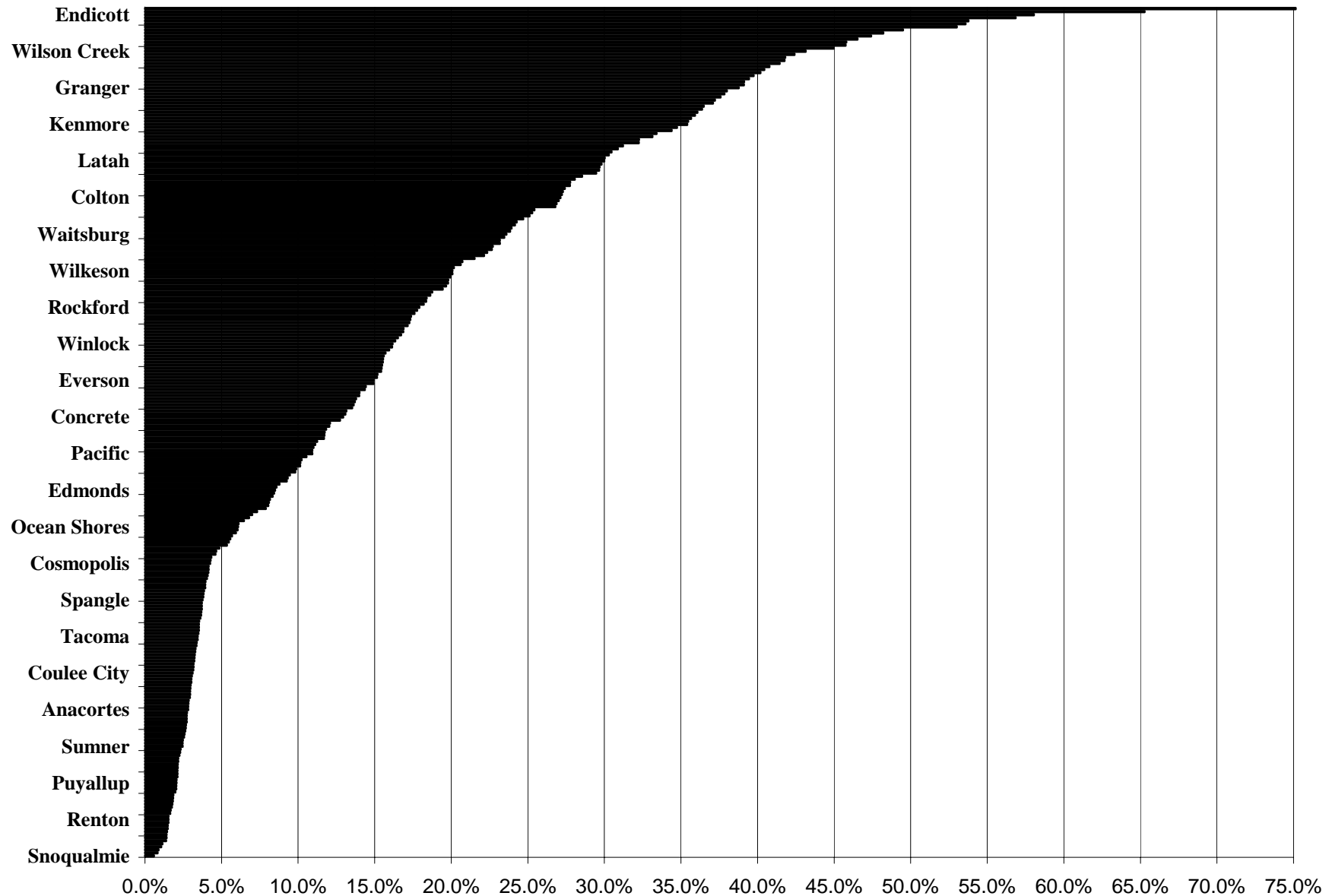
(MVET loss as % of 1998 unrestricted revenues)



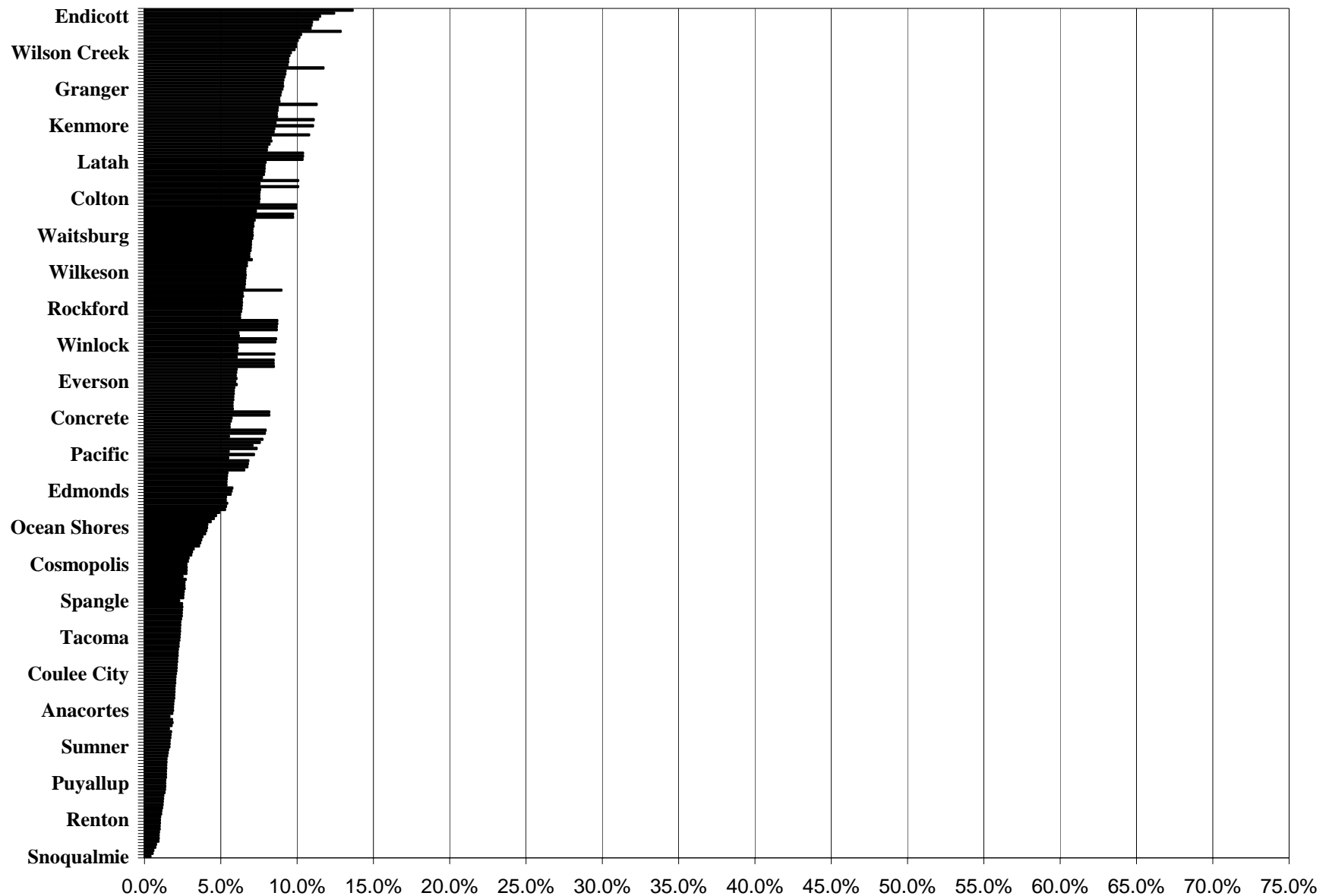
The proposed GF-S assistance for 2001-03 is roughly proportional to impact.



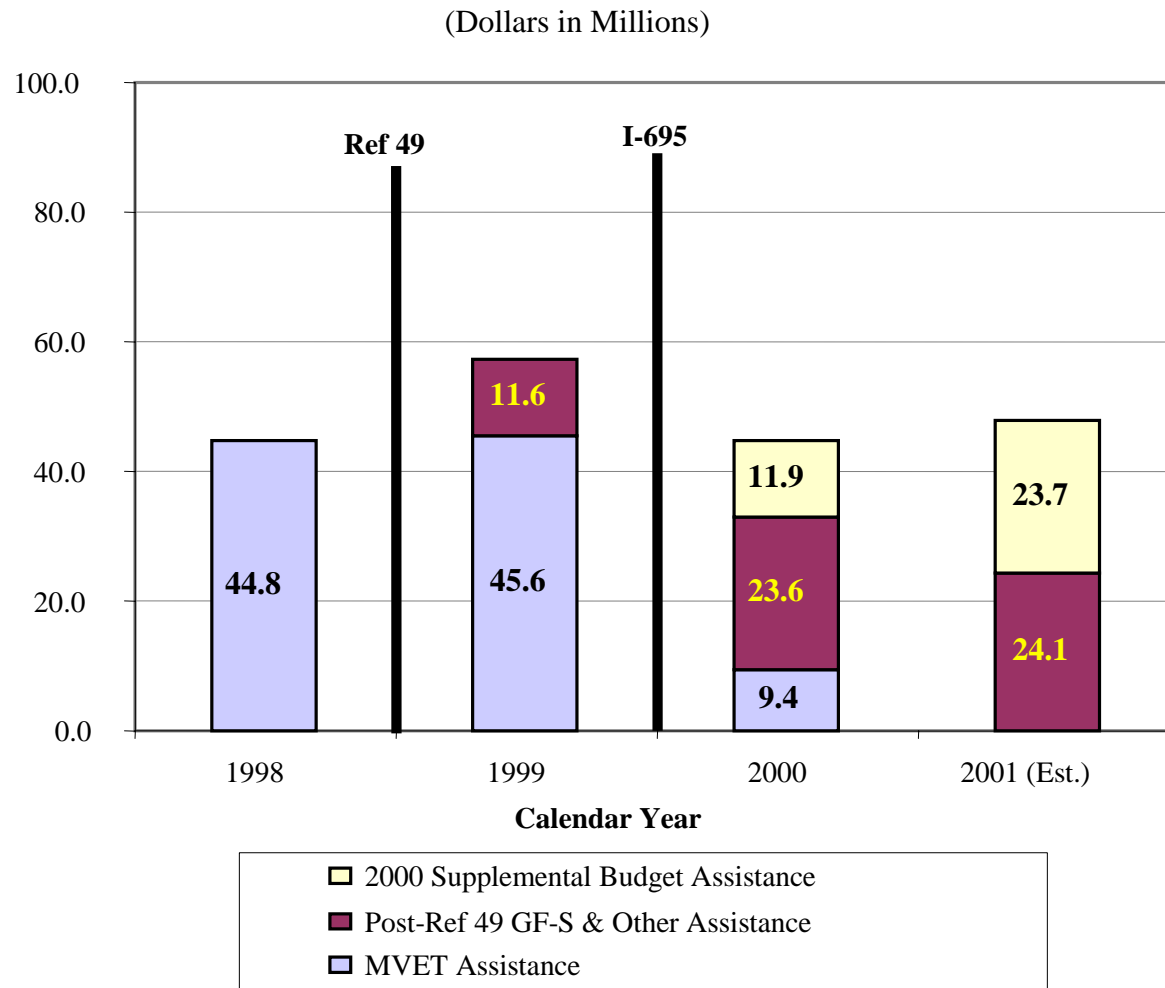
The initial impact of I-695 varied widely between cities also.



The 99-01 and proposed 01-03 general fund assistance diminishes the impact. The smallest cities benefited from a reallocation of funds.



State general fund assistance was also provided to counties as a result of Referendum 49 and following I-695.



General fund assistance to cities following Referendum 49 and I-695 helped to lessen the fiscal impacts.

